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Hearing before Committee on Energy and Technology (Regarding Bill No. 7155. An Act Concerning Consumer Protections for Customers of Electric Suppliers)

Testimony of Wendy W. Wanchak

Recommended Action: Support Raised Bill No. 7155 **An Act Concerning Consumer Protections for Customers of Electric Suppliers**

Connecticut Legal Services helps low-income households in Connecticut by providing legal advice and services in civil matters. We support Raised Bill No. 7155 as an expansion of protections for customers of electric suppliers by regulating telesales calls and by explicitly authorizing restitution for harm caused to customers by these companies. Electric suppliers, however, have a history of abusive sales practices that have proven resistant to regulation, and this bill, although beneficial, falls short of the real solution that is needed to protect all electric ratepayers from unnecessarily high electricity costs. The only real fix is to permanently eliminate these middleman – the suppliers – from the electrical market. Ratepayers will otherwise continue to see their energy dollars needlessly wasted.

Connecticut residents are overpaying on their electric bills by tens of millions of dollars every year because of the sales practices of deregulated energy suppliers, who take advantage of the limited knowledge of energy customers. Ongoing harm caused by residential energy suppliers to low-income households is particularly dangerous. These households already cannot afford their energy bills. Home energy unaffordability in Connecticut is a statewide phenomenon which falls disproportionately on low-income households. This affordability gap is the portion of a household's energy bills, including electric bills, which households cannot afford to pay. In 2016, the gap is estimated at \$400 million.¹

Low-income households at or below 200% of the Federal Poverty Level already are billed annually about \$1,400 more for more energy than, at their income level, they can afford; and the situation is getting worse.² Each year, there are tens of thousands of electric shut-offs due in great part to unaffordability. The loss of electric utility service results in the

¹ Colton, Roger D. 2016 *Home Energy Affordability in Connecticut: The Affordability Gap*.

² *Id.*

inoperability of heating and cooling systems, lights, refrigeration, and even water pumps that supply clean water and flush toilets, all of which make homes unlivable.

Of the 1.4 million households in this state, over one-third are low-income.³ To the extent that these households, which already bear an unaffordable energy burden, are using suppliers that charge rates in excess of the standard offer, they are overpaying for their electricity. This has produced an energy crisis for low-income families, and that is exactly what we are seeing.

One way to increase energy affordability is to eliminate the involvement of energy suppliers, which produce these excessive charges. We are not better off by ignoring the economic hardship and waste which are caused by such unnecessarily high rates. While Legal Services supports this bill because it authorizes PURA to intensify its actions against electric suppliers, it also urges the legislature to do much more to stop this runaway train of energy unaffordability. House Bill No. 7155 is a start, but efforts should not stop there. They should include taking measures to eliminate electric suppliers from the Connecticut market.

³ *Id.*